North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

10th February 2021

Risk Management

Report of the Director of Corporate Resources

This report is public

Purpose of the Report

- To update Members of the Audit and Corporate Governance Scrutiny Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at January 2021.

1   Report Details

Background

1.1   Audit and Corporate Governance Scrutiny Committee have previously endorsed the Council's Risk Management Strategy which was then approved by Cabinet in March 2020. The Strategy includes but is not limited to the following;

- The nature of 'risk' both the 'threats' and the 'opportunities'
- The benefits of a robust risk management approach
- The Council's risk appetite
- Risk categorisation – *Operational, Governance, Strategic*
- Project and Partnership risk
- The Council's risk management approach and arrangements including a new 'Risk Management Group'
- Roles and responsibilities including *Senior Risk Officer* and *Senior Information Risk Officer* (SRO and SIRO)

1.2   The Strategy also details the work of a 'Risk Management Group'. This is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is the conduit to and from the whole organisation in terms of risk management.

1.3   The group 'regularly' and 'consistently' oversee, all of the risk registers ensuring they are up to date and accurate whilst offering challenge to the assessment process itself. It is responsible for risk management reporting to stakeholder groups across the Council, including this Scrutiny Committee and supports the production of the Annual Governance Statement. The group leads on the development and

review of all risk related policies, plans and strategies across the Council and oversees and champions the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture.

Update of the Risk Management Group held on 16th December 2020

1.4   Having previously developed and established new risk register templates for *Strategic, Operational, Partnership* and *Project* related risks, the group have overseen their completion by Heads of Service in relation to their own service areas.   The templates cover; risk area, threat/opportunity, mitigation and risk ratings.   At the meeting 'Streetscene' Head of Service presented their Operational Risk Register – discussion centred around the following;

- *SS1 -* **Council fails to achieve Revised European Waste Framework Directive (rEWfD) and\or emerging New UK Waste & Resource Strategy.**
  The group were advised that Street Scene were currently achieving 47% / 48%, but were struggling to meet the target of 50%. Strict mandatory targets may be placed on local authorities.

- **STR SS2 - Lack of appropriately trained staff.**
  Street Scene cover a wide range of activities and therefore require a wide skill set. Attempting to grow skill sets within current staff, but recruit externally if necessary.

- **STR SS3 - Ineffective financial management and service failure**
  Regular meetings with accountant and finance section take place and pressures reported accordingly

- **STR SS4 - Breakdown of industrial relations leading to service failure**
  Generally relations are good. Certain service areas under additional pressure due to Covid-19.

- **STR SS5 - Breakdown in partner relationship resulting exit from Riverside shared depot facility**
  All of the south of the district currently operate out of Riverside Depot.

- **STR SS6 - Breakdown of service delivery through poor fleet management**
  Since the recent departure of a member of staff, currently only the Head of Service was named on the Operator's Licence for both NEDDC and BDC. The team are currently developing other members of staff to become qualified to hold Operator's Licence to provide resilience.

- **STR SS7 - Unauthorised entry to Operational depot resulting in loss of vehicles, plant and vehicle fuel**
  Following issues in the past with fuel theft and 'ram raiders' CCTV had been installed on site.

- **STR SS08 - Flooding of operational depot resulting in major disruption of front line services.**

  Depot flooding remained an on-going issue, with the depot appearing to flood approximately every 10 years – although considering the apparent changing weather patterns, flooding across Derbyshire appears to be at increasing frequencies. The team have protocols in place aswell as physical measures to lessen the impact of flooding, however the cost of more significant flood defences were currently cost prohibitive.

- **STR SS09 - Fuel strike/shortage**

  Impact of Brexit and Covid-19 both present threats. Full bunkers would provide approximately 7 to 9 days fuel supply. In the case of the supply running low non-essential services would be restricted.

- **STR SS10 - Increased kerbside recycling collection costs**

  Material market values affect cost of contract charges. When material prices drop, contract charges increase; similarly, as they increase, charges drop reflecting the risk sharing mechanism in the contract. During the lockdown period material volumes collected at the kerbside increased massively and averaging approximately 17% increase and expected to increase 27% (approx.) over Christmas. Recent performance issues with Ward Recycling service, is affected by material sorting facility capacity and output being down due to Covid and demand being higher due to increased waste in burgundy bins This recently affected Wards collection vehicle turnaround times due to output of their sorting line at Corbrigg not able to meet material inputs putting between 2 and 5 hours and tipping times resulting in missed collections.

- **STR SS11 - Viral Pandemic**

  Ongoing challenges to keep service running at times due to Covid-19 and staff having to self-isolate / shield.

- **STR SS12 - Inclement weather delaying service delivery.**

  Predominant concerns were flooding and snow. Refuse vehicles continue to run and collect as long as driver considers it safe to do so.

The Group discussed the third party risks at length with the Head of Service who highlighted 'Wards' (third party contractor) capacity issues experienced earlier in the year. Meeting between the Council and Wards were taking place cantering around their resourcing requirements as set out in their Service Delivery Plan submitted at time of tender. Alternative supplier discussions are also underway to provide a contingency plan in case of the requirement to make an urgent change. The Risk Management Group requested that this particular Operational Risk be escalated to a Strategic Risk given the potential impact on the organisation – this is currently underway.

1.5 The Group reviewed the Strategic Risk Register (see Appendix 1). Each Risk was discussed. The following are items of note;

- **STR1 - Parliamentary uncertainty following the General Election, Government Legislation / impact of referendum vote to leave the EU / adverse external economic climate has an accelerating impact on Council funding, or upon the local economy, to which Council is unable to adopt an appropriate change of Strategic direction.**

  Consideration being given as to whether this risk should be refined and the EU transition separated out. It was noted however that it was difficult to identify the risk until details of the deal were known. The Director of Growth and Economic Development currently attends LRF meetings.

- **STR5** - **Increasing difficulty in recruiting to key posts or in replacing key staff who leave. Staff morale is adversely affected arising from the pace of change, tightening financial circumstances or external circumstances.**

  The Group considered whether officers were still finding it difficult to recruit appropriately qualified/trained staff. Environmental Health HOS advised that a better indication would be known in January 2021 when the next post was due to be advertised. It was noted that recruitment remained an issue in regeneration posts. HOS for Planning advised that a recent recruitment drive for an Enforcement Officer had been unsuccessful. It was noted that this appeared to be an on-going issue within all professions. This area would be focussed on at the next meeting.

- **STR9 - Staff morale / Sickness Levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.**

  The Group discussed the continued work around remote working due to Covid-19. A new Agile Working Policy was in development.

- **STR10 - Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.**

  Safeguarding had been embedded throughout the organisation. NEDDC created and now lead on the Districts Safeguarding Leads Sub-Group (a Countywide group) the Councils Safeguarding Lead, Lee Hickin – Director of Corporate Resources and Head of Paid Service, chairs this group – this has been gratefully received by both the Derby and Derbyshire Safeguarding Childrens Partnership and the Adults Safeguarding Board.

- **STR11 - Failure of NEDDC's Local Plan to be found sound at independent examination.**

  This Risk would remain until the Local Plan had been adopted.

1.6   The Group heard from the Head of Internal Audit who advised that recent audit work had not identified any major control risks due to Covid-19. The Audit Plan for 2021/22 would be formulated in Jan/Feb 21 and officers were requested to consider potential areas for audit next year. The Audit Plan would be discussed

with Director of Corporate Resources and Head of Paid Service, S151 Officer and considered at the Risk Management Group meeting in March 21 before being presented to Audit and Corporate Governance Scrutiny Committee in April 2021.

1.7 Director of Corporate Resources and Head of Paid Service who is also the Council SRO (Senior Risk Officer) advised that he was developing a training pack for staff, managers and elected Members around the topic of Risk Management.

1.8 Emergency Planning and Business Continuity Planning were discussed by the Group. Conversation centred around the profile of cybersecurity being raised, along with raising awareness and training amongst our workforce and elected Members. Experts within the industry suggest that the reality is for most organisations 'when' we have an attack rather than 'if'.

The Director of Corporate Resources and Head of Paid Service questioned whether the Strategic Risk Register should provide additional focus on cyber security? This was agreed by the Group – ICT Head of Service suggested transferring the relevant ICT risks from the ICT Operational Risk Register (when finalised) on to the Strategic Risk Register. It was also agreed that a table top 'cybersecurity exercise' and 'disaster recovery exercise' be set up to test the Councils resilience in relation to this particular threat.

1.9 The group requested that any policy/plan in development at present or planned for the near future should be either brought to or emailed to the Group for comment/consideration in relation to any risk elements.

2   Conclusions and Reasons for Recommendation

2.1. The Council have in place a robust Risk Management Strategy and action plan which enables the organisation to manage the many and varied risks facing the Council. The approach to managing those risks is applied within decision making processes and is continuous with a structured review process overseen by the Risk Management Group.

2.2 The Risk Management Group is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is now becoming the conduit to and from the whole organisation in terms of risk management. The Risk Management Group is now able to provide risk management reporting to stakeholder groups across the Council and will support the production of the Annual Governance Statement.

2.3 The Risk Management Group have made significant progress in ensuring that risk is effectively managed within the organisation. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk Management Group will provide consistency of approach and alignment of all service areas in relation to risk management. By overseeing and championing the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management

culture, the Risk Management Group will be pivotal in the organisations future success.

3   Consultation and Equality Impact

3.1.   There are no consultation or equalities issues arising from this report which necessitate a formal consultation process. The new Strategy has however included consultation with; SAMT; Audit and Corporate Scrutiny Committee and Cabinet previously.

4   Alternative Options and Reasons for Rejection

4.1.   Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is intended for Members and Officers to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. Given the importance of these arrangements for the overall governance of the Council it is necessary to subject them to regular review. The alternative of not providing this is therefore rejected.

5   Implications

5.1   Finance and Risk Implications

5.1.1 There are no additional financial implications arising out of this report. Whilst, where appropriate, additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

5.1.2 Risk Management Issues are covered throughout the body of the main report.

5.2   Legal Implications including Data Protection

5.2.1 There are no legal or data protection issues arising directly out of this report.

5.3   Human Resources Implications

5.3.1 There are no human resource issues arising directly out of this report.

6   Recommendations

6.1.   That the Audit and Corporate Scrutiny Committee notes the report and Strategic Risk Register as at November 2020 as set out in **Appendix 2.**

7   Decision Information

Is the decision a Key Decision?
A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:
 	
BDC: Revenue - £75,000
           Capital - £150,000 ☐
NEDDC: Revenue - £100,000 ☐
           Capital - £250,000 ☐
☑ *Please indicate which threshold applies*
	No

Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	None directly
Links to Corporate Plan priorities or Policy Framework	All

8.   Document Information

Appendix No	Title
1	Strategic Risk Register as at November 2020
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Service Area Operational Risk Registers	
Report Author	**Contact Number**
Lee Hickin – Director of Corporate Resources	7218